

Message Text

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SUBJECT:SALE OF SWISS CINETHEODOLITES TO CHINA - IL 1502

SUMMARY

THREE SWISS-MADE CINETHEODOLITITES, SOLD TO THE PRC BY THE FRENCH IN 1975, HAVE APPARENTLY BEEN DIVERTED TO MISSILE-TRACKING OPERATION, RATHER THAN FOR CIVIL AERONAUTICS USE, THE END USE STATED BY THE FRENCH WHEN COCOM APPROVED THE CASE IN 1972. RECENT INTELLIGENCE REVEALS THAT THE CHINESE ARE SEEKING ADDITIONAL UNITS, POSSIBLY FOR DIRECT SHIPMENT FROM SWITZERLAND SINCE THE FRENCH DENY ANY FURTHER SALES OF THIS EQUIPMENT TO THE PRC. EMBASSY IS REQUESTED TO SEEK GOS COOPERATION TO PREVENT FURTHER SALES OF THIS EQUIPMENT TO

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THE CHINESE. END SUMMARY.

BACKGROUND

1. ON MARCH 16, 1967, THE COMMERCIAL OFFICER AT EMBASSY BERN ADVISED GOS THAT SEVERAL CONTRAVES-MANUFACTURED MODE. E CINETHEODOLITES BEING SOLD TO GHANA, WERE, INFAC, DESTINED

FOR THE PRC. ON MARCH 18, ACCORDING TO USG RECORDS, THE GOS INFORMED EMBASSY BERN THAT FURTHER SHIPMENTS OF THE GOODS IN QUESTION HAD BEEN STOPPED.

2. IN 1969, THE PRC ASKED CONTRAVES FOR QUOTATIONS ON SIX K-400 CINETHEODOLITES. THE SALE WAS NOT APPROVED, AND IN FEBRUARY 1972 THE PRC AGAIN CONTACTED CONTRAVES TO PURCHASE K-400 DEVICES. THOSE NEGOTIATIONS WERE SUSPENDED DUE TO SWISS GOVERNMENT REFUSAL TO APPROVE THE SALE.

3. IN 1972, THE FRENCH SUBMITTED TO COCOM AN EXCEPTIONS REQUEST FOR SHIPMENT OF THREE MODEL K-400 CINETHEODOLITES, MANUFACTURED BY CONTRAVES, TO THE PRC. THESE ARE PRECISION INSTRUMENTS USING OPTICAL AND SOMETIMES INFRARED TECHNIQUES WHICH PROVIDE PRECISE INFORMATION ON THE POSITION OF MOVING OBJECTS. THEY HAVE BOTH CIVIL USES AND MILITARY APPLICATIONS -- SPECIFICALLY IN CONNECTION WITH MISSILE AND SATELLITE TRACKING. THE K-400 IS THE WORLD'S MOST SOPHISTICATED INSTRUMENT OF ITS KIND, AND ONLY A FEW HAVE BEEN MANUFACTURED BY CONTRAVES. THE FRENCH HAD BEEN INFORMED BY THE PRC THAT THE K-400 WOULD BE USED "ONLY FOR AERONAUTICAL PURPOSES AT A CIVIL AIRPORTS"

4. THE FRENCH, IN SEEKING COCOM APPROVAL IN LATE 1972, STATED THAT ALL THREE UNITS WERE TO BE INSTALLED WITHIN A FEW HUNDRED METERS OF ONE ANOTHER AT A SINGLE MAJOR CIVIL AIRPORT IN THE PRC. ON THE BASIS OF A STATED CIVIL END USE,
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THE USG AND OTHER COCOM MEMBERS APPROVED THIS SALE ON THE CONDITION THAT, FOLLOWING DELIVERY OF THE FIRST CINETHEODOLITE, THE FRENCH WOULD REPORT TO COCOM WHERE THE UNITS HAD BEEN INSTALLED. IN JUNE, 1975, THE FIRST CINETHEODOLITE WAS SHIPPED FROM FRANCE AND INSTALLED AT THE YANGTSUN AIRPORT, A SMALL MILITARY AIRPORT 40 KILOMETERS NORTHWEST OF TIENTSIN. BY FRENCH ADMISSION, ONLY ONE UNIT WAS INSTALLED BY THE FRENCH, WHO ACKNOWLEDGE THAT, ALTHOUGH THE FINAL TWO UNITS WERE DELIVERED IN EARLY 1976, THEY HAD NO KNOWLEDGE OF THEIR WHEREABOUTS AS OF LATE 1976. THEY WERE NOT INSTALLED BY FRENCH TECHNICIANS OR WITH FRENCH COGNIZANCE, RATHER WE ASSUME THE CHINESE WERE ABLE THEMSELVES TO INSTALL THEM, ON THE BASIS OF OBSERVATION OF THE FRENCH INSTALLATION OF THE FIRST THEODOLITE.

5. BY LATE 1976, THE USG HAD CONCLUDED THAT THE CHINESE HAD DIVERTED THE FIRST THREE FRENCH-SUPPLIED THEODOLITIES. USG AT THE SAME TIME LEARNED THAT NEGOTIATIONS FOR THE PURCHASE OF ADDITIONAL UNITS HAD BEEN INITIATED BY THE CHINESE. OUR LACK OF KNOWLEDGE OF THE WHEREABOUTS OF THE FIRST THREE UNITS LEADS US TO CONCLUDE THAT THE PRC INTENDED TO USE THESE DEVICES FOR OTHER PURPOSES, E.G., MISSILE DEVELOPMENT.

SUCH USE WOULD AID THE STRATEGIC CAPABILITY OF THE PRC TO TEST MISSILES, NOTABLY A 7,000-MILE RANGE ICBM CAPABLE OF REACHING EUROPEAN RUSSIA, CENTRAL EUROPE OR NORTH AMERICA.

IT IS NOT IN WESTERN INTEREST TO FACILITATE THE PRC DEVELOPMENT OF ICBM'S.

6. IN THE SPRING OF 1977, WE TOLD THE FRENCH OF OUR REASONS FOR CONCERN OVER THE DIVERSION OF THE K-400'S, EMPHASIZING THAT OUR PRIMARY PURPOSE WAS TO DETER FUTURE SALES OF CINETHEODOLITES TO THE PRC. THE FRENCH NEVER CLEARLY CONFIRMED OR DENIED THE END-USE OF THESE DEVICES. OUR FRUSTRATION WAS INCREASED BOTH BY FRANCE'S DISINTEREST IN PURSUING THE END-USE OF THE FIRST THREE UNITS WITH THE
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CHINESE, AND OUR LACK OF FIRM INTELLIGENCE ON THEIR LOCATION

7. FROM INFORMATION ACQUIRED OUTSIDE SWITZERLAND, WE KNOW THAT SINCE LATE 1975 THE PRC HAS NEGOTIATED INTERMITTENTLY FOR THE PURCHASE OF ADDITIONAL K-400'S. IN MID-1977, INTELLIGENCE REPORTS INDICATED THAT THE CHINESE HAD ORDERED THREE ADDITIONAL CINETHEODOLITES. IT WAS REPORTED THAT THIS SHIPMENT WOULD ALSO PROCEED VIA A FRENCH MIDDLEMAN. SUBSEQUENTLY INTELLIGENCE REVEALED THAT THREE K-400'S, WHICH ARE "CUSTOM-MADE" ITEMS, WERE ALREADY IN AN ADVANCE PRODUCTION STAGE AT CONTRAVES. ASSUMING THAT THE FRENCH FIRM SIDETEL (SOCIETE INDUSTRIELLE DE DEVELOPPEMENT DES TECHNIQUES ELECTRONIQUES S.A.) OF FRANCE WOULD AGAIN BE THE EXPORTING FIRM, WE ASKED EMBASSY PARIS TO APPROACH FRENCH AUTHORITIES (STATE 235632) CONCERNING THE PROPOSED SALE OF ADDITIONAL UNITS. ON OCTOBER 31 (PARIS 31785) THE FRENCH REPLIED THAT SIDETEL WAS NOT PLANNING ANY NEW SALE TO THE PRC OF K-400'S.

ACTION REQUESTED

8. DRAWING ON THE ABOVE, THE EMBASSY, UNLESS IT PERCEIVES AN OBJECTION, IS REQUESTED TO DISCUSS THIS MATTER INFORMALLY WITH GOS AUTHORITIES. IN ADDITION TO EXPRESSING APPRECIATION FOR THE PAST SWISS COOPERATION, THE EMBASSY SHOULD EXPLAIN THAT THE CINETHEODOLITES APPROVED FOR SALE IN COCOM IN 1972 WERE APPARENTLY DIVERTED FROM THE STATED CIVIL END-USE; THEREFORE, NO FURTHER COCOM APPROVALS OF THIS EQUIPMENT ARE EXPECTED. IN VOICING OUR CONCERN OVER THE POSSIBLE ICBM USE OF CINETHEODOLITES SUPPLIED TO THE CHINESE, WE SEEK THE COOPERATION OF THE SWISS GOVERNMENT IN STOPPING ANY CONTEMPLATED SALE OF THE CONTRAVES-BUILT K-400, OR
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OTHER SIMILAR SOPHISTICATED CINETHEODOLITE TO THE PRC,
WHETHER DIRECT OR THROUGH A THIRD COUNTRY. CHRISTOPHER

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